GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5030
ANSWERED ON:16.12.2016
Bank Loans
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Will the Minister of FINANCE be pleased to state:

(a) the details of the guidelines issued by the Government to banks for providing loan to various sectors along with the interest rate imposed thereunder; and

(b) the steps taken by the Government for easy availability of loan to such sectors?

Answer

The Minister of State in the Ministry of Finance

(a) & (b): Reserve Bank of India (RBI) has issued a Master Circular on Priority Sector Lending − Targets and Classification on dated July 1, 2015. The targets / sub-targets set under priority sector lending for all Scheduled Commercial Banks are furnished below:

Categories Domestic SCBs with 20 branches and above
Total Priority Sector 40 percent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher.
Agriculture 18 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher.
Micro Enterprises 7.5 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher to be achieved in a phased manner.
Advances to Weaker Sections 10 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher.

RBI vide its guidelines on Interest Rate on Advances dated 17th December 2015 followed by Master Direction dated 29th March 2016 on Interest Rate on Advances, have directed all Scheduled Commercial Banks to calculate Base Rates using the Marginal Cost of Funds. The Government and RBI do not interfere in fixing the interest rate on loans. Presently, each bank fix the Marginal Cost Lending Rate (MCLR) based on RBI guidelines and varies from bank to bank.

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